



## Department Description

The Office of the City Auditor is an independent office that reports and is accountable to the Audit Committee and City Council. The City Auditor conducts performance audits of City departments, offices, and agencies in accordance with government auditing standards.

The audits may assess internal controls over financial reporting and evaluate how well the City complies with applicable laws, rules, and regulations, achieves stated goals and objectives, reports financial and performance information (reliability), efficiently and effectively uses resources, and safeguards and protects assets.

The Office of the City Auditor also administers the City's Fraud Hotline program and performs investigations for all material complaints received related to fraud, waste, and abuse.

The Department's mission is:

*To advance open and accountable government through accurate, independent, and objective audits and investigations that seek to improve the economy, efficiency, and effectiveness of City government*

## Goals and Objectives

The following goals and objectives represent the action plan for the Department.

### ***Goal 1: Increase the economy, efficiency, and effectiveness of City government through audits and their recommendations***

To fulfill its mission, the Department reports its independent and impartial reviews, conclusions, and recommendations based on performance audits, special audits, and reviews conducted. Some audit reports recommend ways to reduce costs or increase revenues. Other audit reports identify opportunities to increase effectiveness, use resources more efficiently, and improve internal controls. An annual audit workplan is prepared and presented to the Audit Committee each fiscal year. The audit workplan targets business processes and programs

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identified in the annual City-wide risk assessment model. The Department will move towards accomplishing this goal by focusing on the following objectives.

- Reduce costs and increase revenues
- Utilize audits to identify opportunities for improved efficiency and the effective use of resources
- Regularly report the status and encourage implementation of open recommendations

## ***Goal 2: Provide independent, reliable, accurate, and timely information to the Mayor, Audit Committee, City Council, and other stakeholders***

The City Auditor intends to provide results of all non-confidential audits to its stakeholders. To this end, the Department intends to provide regular updates to the Audit Committee, as well as copies of all issued audit reports to the Mayor and appropriate City management, members of the City Council and their staff, Audit Committee members, and the residents of San Diego via the City Auditor website. The Department will move towards accomplishing this goal by focusing on the following objective.

- Provide audit results, including findings and recommendations, to relevant stakeholders

## ***Goal 3: Provide independent, confidential, and reliable investigations of all material allegations of fraud, waste, or abuse that are reported via the City's Fraud Hotline***

The Office of the City Auditor will investigate all material complaints received related to fraud, waste, and abuse. The City Auditor will provide a means for City of San Diego employees, vendors and residents to confidentially report any activity or conduct in which he/she suspects any instances of fraud, waste, or abuse, or violations of laws and regulations that should be investigated. The Department will move towards accomplishing this goal by focusing on the following objective.

- Provide investigation results, including recommendations for necessary actions to be taken, for all allegations of fraud, waste, or abuse that are found to be substantiated

## Service Efforts and Accomplishments

The City Auditor will propose an annual audit workplan that will identify the planned audits to be undertaken during the fiscal year. The annual workplan will be based on the results of the comprehensive City-wide risk assessment and identify required audits such as the annual inventory audit, close-out audits, and hotline investigations. The goal will be to complete the required audit workplan and increase the economy, efficiency, and effectiveness of City operations through these audits and their recommendations.

Additionally, the City Auditor will conduct testing of internal controls during each performance audit that is conducted, report on control weaknesses that are identified, and make recommendations for corrective action that should be taken. The City Auditor will perform follow-up work on all audit recommendations that are made to determine if proper actions have been taken by management.

The City Auditor will provide regular updates to the Audit Committee regarding the activities and accomplishments of the Office including producing an annual report and information on management's implementation of audit recommendations.

## Key Performance Indicators

Performance Measure	Actual FY2010	Estimated FY2011
Percent of audit recommendations management agrees to implement	96%	91%
Percent of recommendations reported as implemented by management and subsequently verified through audit testing	76%	89%
Ratio of City's monetary benefits from audit activities to operational audit costs <sup>1</sup>	4.5 to 1	4 to 1
Amount of City's measurable monetary benefits from audit activities <sup>2</sup>	\$8.6M	\$11.0M
Percent of audit workplan completed during the fiscal year	81%	96%
Percent of audited departments satisfied with timeliness, reliability, and value of audit services <sup>3</sup>	100%	100%
Percent of Audit Committee members, City Council members, and high-level City management satisfied with timeliness, reliability, and value of audit services <sup>3</sup>	N/A <sup>4</sup>	100%
Percent of hotline investigation recommendations that management agrees to implement	50%	89%

1. The ratio of the monetary benefits are calculated by considering the potential estimated cost saving or enhanced revenues over a five year period that will occur if audit recommendations are implemented compared to the City's annual operational costs.
2. Measurable monetary benefits are calculated by considering the potential estimated cost saving or enhanced revenues over a five year period that will occur if the Office's audit recommendations are implemented.
3. The percentage of satisfaction is based on the results of voluntary surveys.
4. This was not a performance measure in Fiscal Year 2010.



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## Department Summary

	FY2011 Budget	FY2012 Proposed	FY2011–2012 Change
Positions	18.50	19.00	0.50
Personnel Expenditures	\$ 2,643,637	\$ 2,507,313	\$ (136,324)
Non-Personnel Expenditures	1,117,543	1,003,002	(114,541)
<b>Total Department Expenditures</b>	<b>\$ 3,761,180</b>	<b>\$ 3,510,315</b>	<b>\$ (250,865)</b>
<b>Total Department Revenue</b>	<b>\$ 222,323</b>	<b>\$ 222,323</b>	<b>\$ -</b>

## General Fund

### Department Expenditures

	FY2011 Budget	FY2012 Proposed	FY2011–2012 Change
City Auditor	\$ 3,761,180	\$ 3,510,315	\$ (250,865)
<b>Total</b>	<b>\$ 3,761,180</b>	<b>\$ 3,510,315</b>	<b>\$ (250,865)</b>

### Department Personnel

	FY2011 Budget	FY2012 Proposed	FY2011–2012 Change
City Auditor	18.50	19.00	0.50
<b>Total</b>	<b>18.50</b>	<b>19.00</b>	<b>0.50</b>

### Significant Budget Adjustments

	FTE	Expenditures	Revenue
<b>Addition of Assistant to the Director</b> Addition of 1.00 Assistant to the Director.	1.00	99,950	-
<b>Annualization of Principal Auditor</b> Addition of 0.50 Principal Auditor to annualize the position that was added halfway through Fiscal Year 2011.	0.50	\$ 71,467	\$ -
<b>Equipment/Support for Information Technology</b> Funding allocated according to a zero-based annual review of information technology funding requirements and priority analyses.	0.00	49,055	-
<b>Non-Discretionary Adjustment</b> Total expenditure allocations that are determined outside of the department's direct control. These allocations are generally based on prior year expenditure trends and examples of these include utilities, insurance, and rent.	0.00	24,032	-
<b>Reduction of Associate Management Analyst</b> Reduction of 1.00 Associate Management Analyst.	(1.00)	(95,173)	-
<b>Comprehensive Annual Financial Report (CAFR) Expenditures</b> Reduction of CAFR expenditures as a result of updated estimates of expenditures to be incurred for the Fiscal Year 2012 CAFR audit.	0.00	(148,635)	-
<b>Revenue from Water and Wastewater Audits</b> Adjustment reflects the transfer of funds from the Public Utilities Department for water and wastewater audits per a Service Level Agreement (SLA).	0.00	-	100,000

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## Significant Budget Adjustments (Cont'd)

	FTE	Expenditures	Revenue
<b>One-Time Reductions and Annualizations</b>	0.00	-	(100,000)
Adjustment to reflect the removal of one-time revenues and expenditures, and the annualization of revenues and expenditures, implemented in Fiscal Year 2011.			
<b>Total</b>	<b>0.50</b>	<b>\$ 696</b>	<b>\$ -</b>

## Expenditures by Category

	FY2011 Budget	FY2012 Proposed	FY2011-2012 Change
<b>PERSONNEL</b>			
Salaries and Wages	\$ 1,633,127	\$ 1,670,426	\$ 37,299
Fringe Benefits	1,010,510	836,887	(173,623)
<b>PERSONNEL SUBTOTAL</b>	<b>\$ 2,643,637</b>	<b>\$ 2,507,313</b>	<b>\$ (136,324)</b>
<b>NON-PERSONNEL</b>			
Supplies	\$ 33,158	\$ 33,158	\$ -
Contracts	1,032,782	905,783	(126,999)
Information Technology	38,993	49,055	10,062
Energy and Utilities	4,500	5,968	1,468
Other	8,110	9,038	928
<b>NON-PERSONNEL SUBTOTAL</b>	<b>\$ 1,117,543</b>	<b>\$ 1,003,002</b>	<b>\$ (114,541)</b>
<b>Total</b>	<b>\$ 3,761,180</b>	<b>\$ 3,510,315</b>	<b>\$ (250,865)</b>

## Revenues by Category

	FY2011 Budget	FY2012 Proposed	FY2011-2012 Change
Charges for Services	\$ 222,323	\$ 222,323	\$ -
<b>Total</b>	<b>\$ 222,323</b>	<b>\$ 222,323</b>	<b>\$ -</b>

## Personnel Expenditures

Job Number	Job Class	Job Title / Wages	FY2011 Budget	FY2012 Proposed	Salary Range	Total
<b>Salaries and Wages</b>						
21000000	2285	Assistant City Auditor	0.00	2.00	\$34,694 - \$207,210	\$ 252,200
20001233	2281	Assistant to the Director	0.00	1.00	46,966 - 172,744	53,600
20000119	1218	Associate Management Analyst	1.00	0.00	54,059 - 65,333	-
20001252	2109	City Auditor	1.00	1.00	59,155 - 224,099	168,000
20001135	2175	Principal Auditor	16.50	15.00	19,323 - 151,840	1,196,626
<b>Salaries and Wages Subtotal</b>			<b>18.50</b>	<b>19.00</b>		<b>\$ 1,670,426</b>

## Fringe Benefits

Employee Offset Savings	\$ 51,004
Flexible Benefits	162,733
Long-Term Disability	14,622
Medicare	24,652
Other Post-Employment Benefits	120,080
Retiree Medical Trust	2,153
Retirement 401 Plan	8,611
Retirement ARC	393,467

## Personnel Expenditures (Cont'd)

Job Number	Job Class	Job Title / Wages	FY2011 Budget	FY2012 Proposed	Salary Range	Total
		Risk Management Administration				19,133
		Supplemental Pension Savings Plan				19,857
		Unemployment Insurance				3,572
		Workers' Compensation				17,003
<b>Fringe Benefits Subtotal</b>						<b>\$ 836,887</b>
<b>Total Personnel Expenditures</b>						<b>\$ 2,507,313</b>